GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5250
ANSWERED ON:29.04.2005
SERVICE CHARGES
Harsha Kumar Shri G.V.

Will the Minister of FINANCE be pleased to state:

(a) whether the Government is aware that some banks and financial institutions are imposing a servicecharge on its borrowers without informing them of the same;

(b) if so, the details of the banks and financial institutions imposed service charges so far on its borrowers, bank-wise and financial institution-wise;

(c) the action taken by the Government against such banks and financial institutions;

(d) whether NABARD has strictly prohibited such impositions; and

(e) if so, the steps taken/to be taken by the Government to strictly implement the norms issued by NABARD in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM):

(a) to (c) Banks have been permitted to fix their service charges for various services rendered by them with the approval of their Board of Directors. The service charges are no longer prescribed by Reserve Bank of India or Indian Banks` Association. However, banks have been advised that while fixing charges for various services, they should ensure that these charges are reasonable and are in tune with the average cost of providing these services. Further, banks are also required to ensure that customers with low volume of activities are not penalized.

(d) and (e) The information is being collected and will be laid on the Table of the House to the extent available.